

Service Date: January 2, 1986

DEPARTMENT OF PUBLIC SERVICE REGULATION  
BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MONTANA

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IN THE MATTER Of The Application )	
Of PACIFICORP dba PACIFIC POWER & )	UTILITY DIVISION
LIGHT COMPANY For An Order (1) )	
Authorizing It To Issue And Sell )	DOCKET NO. 85.12.51
Not More Than 5,000,000 Additional )	
Shares Of Its Common Stock Under )	DEFAULT ORDER NO. 5181
Its Dividend Reinvestment And )	
Stock Purchase Plan, As Amended, )	
And (2) Amending The Authority )	
Granted In Docket No. 83.5.39. )	

On December 9, 1985, PacificCorp dba Pacific Power & Light Company (Pacific), a corporation organized and existing under and by virtue of the laws of the State of Montana and qualified to transact business in Montana, filed with the Montana Public Service Commission its verified application, pursuant to Sections 69-3-501 through 69-3-507, MCA, requesting an order authorizing Pacific to issue and sell not more than 5,000,000 shares of its common stock of a par value \$3.25 (new shares) to holders of its stock and to other persons, in each case pursuant to its Dividend Reinvestment and Stock Purchase Plan as amended (Plan) and amending Default Order No. 4989 in Docket No. 83.5.39 to authorize the issuance and sale by Pacific, pursuant to the Plan of shares of its common stock not yet issued pursuant to such order.

The application is supported by exhibits and data in accordance with the rules and regulations of the Commission governing the authorization of the issuance of securities by electric and gas utility companies operating within Montana.

For detailed information with respect to the general character of Pacific's business and the territories served by it, reference is made to its annual reports on file with the Commission.

The application sets forth Counsel who will pass upon the legality of the proposed issuance, the other regulatory authorizations required, and the propriety of the proposed issue.

At a regular open session of the Montana Public Service Commission held in its offices at 2701 Prospect Avenue, Helena, Montana, on December 30, 1985, there came before the Commission for final action the matters and things in Docket No. 85.12.51, and the Commission, having fully considered the application and all the data and records pertaining to it on file with the Commission and being fully advised in the premises, makes the following:

#### FINDINGS

1. Pacific is a corporation organized and existing under and by virtue of the laws of the State of Maine and is qualified to transact business in the State of Montana.

2. Pacific is operating as a public utility as defined in Section 69-3-101, MCA, and is engaged in furnishing electric and water service in Montana.

3. The Commission has jurisdiction over the subject matter of the application under Section 69-3-102, MCA.

4. Notice of the application was published as a part of the Commission's regular weekly agenda.

5. Pacific proposes to issue and sell not more than 5,000,000 additional shares of its common stock under the Plan.

6. Pacific also requests the Commission amend Default Order No. 4989 in Docket No. 83.5.39 to authorize the issuance and sale by Pacific, pursuant to the Plan, as amended, of shares of its common stock not yet issued pursuant to such order.

7. Under the Plan, Pacific proposes to issue not more than an additional 5,000,000 of common shares until the new shares are exhausted (over an estimated three year period) to holders of its common and preferred shares and to other persons

who are not currently holders who have enrolled in and participate in the Plan (participants).

The Plan differs in some major respects from the Plan described in Pacific's 1983 application to the Commission with respect to stock issuances pursuant to the Dividend Reinvestment and Stock Purchase Plan. The important difference is that persons who are not currently holders may now participate in the Plan either directly or through an individual retirement account (PacifiCorp-IRA), described below.

8. The Plan as modified is intended to provide participants with a simple and convenient method of investing all or part of their dividends and their optional cash payments in Pacific's common shares at the current market price. The new shares will be sold without brokerage commissions, service charges, or other expenses to stockholders (other than a fee payable by the individual to the custodian under the PacifiCorp-IRA). Participants may (a) have cash dividends on all or a portion of their shares automatically reinvested, (b) purchase additional shares of common stock (whether or not they then own stock of Pacific) by making optional cash payments of at least \$25 and not more than \$5,000 per quarter, (c) direct the payment of dividends to one or more PacifiCorp-IRA's or (d) some combination of any of the foregoing. Participants may withdraw from the Plan at any time.

9. Optional cash payments received on or after an Investment Date will be held, without interest, until the next Investment Date. The Investment Date will be the 15th of each month except that in any month in which there is a dividend payment, the Investment Date shall be the date on which the dividends are paid.

10. The price of new shares purchased from Pacific on any Investment Date by participants will be the average of the high and low sale prices of the Common stock as reported on the consolidated tape for the New York Stock Exchange listed

securities administered by the Consolidated Tape Association (the "consolidated tape") on the Investment Date or, if no trading in the common stock occurs on that date, the next preceding date on which trading occurs. No shares will be sold under the Plan at less than the par value of the shares.

11. The new shares will be listed on the New York Stock Exchange and the Pacific Stock Exchange.

12. Certificates for the new shares purchased and credited to a participant's Plan account will be issued to the Administrator of the Plan (currently First Interstate Bank of Oregon, N.A.), as trustee for the participant. The number of shares credited to an account under the Plan will be shown on the participant's quarterly statement of account. A participant may withdraw any number of whole shares from the participant's account upon written request. Certificates for fractions of shares will not be issued under any circumstances ~~AND~~ shares credited to a participant's account may not be pledged. A participant may discontinue the reinvestment of dividends under the Plan by notifying the Administrator in writing.

13. Pacific reserves the right to interpret and regulate the Plan as it deems necessary or desirable in connection with its operation. Pacific also reserves the right to suspend, terminate, or modify the Plan at any time. Participants will be notified of any such suspension, termination, or modification.

14. The Plan is being amended to enable Pacific to attempt to broaden its base of individual holders of its Common Stock, with a particular emphasis to be made in broadening the number of its customers who own shares of Pacific's stock. The Plan, as amended, is beneficial to Pacific as a relatively inexpensive method of raising capital. It also appears to be an appropriate method of raising customers' awareness of their servicing utility. In addition, Pacific believes that the federal tax deduction available to participants in a PacificCorp-IRA provides a viable alternative for investors to the federal income tax

deferral with respect to dividends on public utility stock under the Economic Recovery Tax Act of 1981, which expires January 1, 1986.

15. The PacifiCorp-IRA will be a standard form individual retirement account of an independent bank or trust company ("Custodian") chosen by Pacific. The individual retirement accounts will be established between the individual and the Custodian under Section 408 of the Internal Revenue Code. The PacifiCorp-IRA will be administered by the Custodian. Any person except a PacifiCorp employee may establish a PacifiCorp-IRA. There will be an annual fee charged the individual by the Custodian for administration of the PacifiCorp-IRA.

16. The results of the offering and sale of the new shares are as follows:

ESTIMATED RESULTS OF THE OFFERING

	<u>Per Share</u>	<u>Total</u>
Gross Proceeds*	\$29.50	\$147,500,000
Less: Offering Expenses	<u>0.20</u>	<u>1,000,000</u>
Net Proceeds	\$29.30	\$146,500,000

17. The offering, issuance, and administrative costs of the new shares under the Plan are expected to be less than one percent of the proceeds. Costs of this magnitude are not greater than customary fees for similar services and are reasonable given the cost of rendering the service.

18. The net proceeds of the issuance will be used to reimburse Pacific's treasury for funds expended from income and from other treasury funds that were not derived from the issuance

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\*November 21, 1985 Closing Price.

of securities. The funds to be reimbursed were used in furtherance of one or more of the utility purposes authorized by Section 69-3-501 MCA. To the extent that the funds to be reimbursed were used for the discharge or refunding of obligations, those obligations or their precedents were originally incurred in furtherance of a utility purpose.

19. Issuances under the Plan are part of an overall plan to finance the cost of Pacific's facilities taking into consideration prudent capital ratios, earnings coverage tests, and market uncertainties as to the relative merits of the various types of securities Pacific could sell.

20. The purpose of the requested authority is to continue sales under the Plan under which 6,703,740 shares had been issued at September 30, 1985, since sales began in 1978.

21. Pacific proposes to offer the new shares under the Plan as the number of shares earlier approved for issuance under the Plan is nearly exhausted. It is Pacific's intention to seek authorization to issue additional shares under the Plan as necessary. It is expected that the new shares will be issued over the period January, 1985 through December, 1988 based on the current rate of sales under the existing Plan and the anticipated rate of sales under the Plan as needed.

22. The issuance of an order authorizing the proposed financing does not constitute agency determination/approval of any issuance-related ratemaking issues which issues are expressly reserved until the appropriate proceeding.

#### CONCLUSIONS

The proposed common stock issuance to which the application relates will be for lawful objects within the corporate purposes of Pacific. The method of financing is proper. The application should be approved.

ORDER

IT IS THEREFORE ORDERED by the Commission that:

1. The application of PacifiCorp dba Pacific Power & Light Company, filed on December 9, 1985, for authority to issue and sell not more than 5,000,000 shares of its common stock pursuant to its Dividend Reinvestment and Stock Purchase Plan, as amended, until all the shares authorized have been sold, pursuant to Sections 69-3-501 through 69-3-507, MCA, and to use the proceeds for normal utility purposes, is approved.

2. The application of PacifiCorp dba Pacific Power & Light Company to amend Default Order No. 4989 in Docket No. 83.5.39 to authorize the issuance and sale by Pacific, pursuant to the Plan, as amended, of shares of its common stock not yet issued pursuant to such order, is approved.

3. Except as specifically modified in this Order, Default Order No. 4989 in Docket No. 83.5.39 shall remain operative.

4. PacifiCorp dba Pacific Power & Light Company shall file the following as they become available:

- a. A copy of the SEC Registration Statement (promised Exhibit F).
- b. The "Report of Securities Issued" required by 18CFR34.10.
- c. A verified statement showing the disposition of the issuance proceeds in reasonable detail.

5. Issuance of this order does not constitute acceptance of PacifiCorp dba Pacific Power & Light Company's exhibits or other material accompanying the application for any purpose other than the issuance of this order.

6. Approval of the transaction authorized shall not be construed as precedent to prejudice any future action of this Commission.

7. Section 69-3-507, MCA, provides that neither the

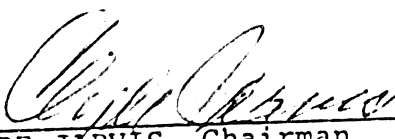
issuance of securities by PacifiCorp dba Pacific Power & Light Company pursuant to the provisions of this order, nor any other act or deed done or performed in connection with the issuance, shall be construed to obligate the State of Montana to pay or guarantee in any manner whatsoever any security authorized, issued, assumed, or guaranteed.

8. This order shall be effective upon execution.

DONE IN OPEN SESSION at Helena, Montana, this 30 day of December, 1985, by a 5 to 0 vote.

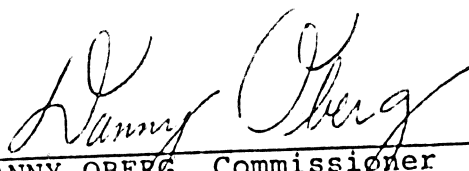


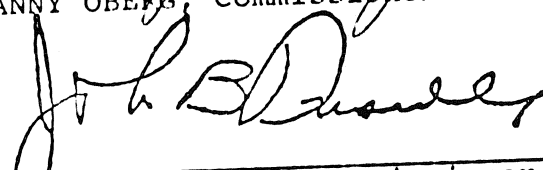
BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

  
CLYDE JARVIS, Chairman

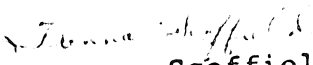
  
HOWARD L. ELLIS, Commissioner

  
TOM MONAHAN, Commissioner

  
DANNY OBERG, Commissioner

  
JOHN B. DRISCOLL, Commissioner

ATTEST:

  
Trena Scoffield  
Secretary

(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.